



**TRUCKEE TAHOE AIRPORT DISTRICT
BOARD OF DIRECTOR STAFF REPORT**

AGENDA TITLE: Employee Classification and Compensation Plan Report and Salary and Wages Market Adjustment Recommendation

MEETING DATE: Nov. 30, 2016

PREPARED BY: Directors Jones & Van Berkem – Classification and Compensation Ad Hoc Committee with Staff Support from General Manger Kevin Smith.

RECOMMENDED ACTION: Review and accept the 2016 Employee Classification and Compensation Plan as presented by Bryce Consulting. Based on the results of the Study and after much analysis and deliberation, the Ad Hoc Committee and General Manager are recommending an adjustment to the District’s annualized Salary and Wages Budget of 11% for market pay adjustments to staff salaries, wages, and benefits to bring District employees in line with current labor market conditions.

DISCUSSION: At the March 23, 2016 Meeting of the Board of Directors, Bryce Consulting was selected to conduct the District’s Classification and Compensation Study. As part of the District’s Transparency Certificate of Excellence awarded by the California Special District’s Association, the Airport District conducts Salary Surveys every 5 years to assure District employees are compensated per market conditions and to assure a high level of transparency in how public employees are classified and compensated. Bryce Consulting begin work on the project in May of 2016. A full outline of the study methodology can be found on page 4 of the Plan. As part of the Plan they considered the following:

- Classification Conceptual Framework
- Review and update of all Job Descriptions
- Classification Plan Allocations and Specifications
- Federal Labor Standards Act (FLSA) Analysis
- Compensation Survey Parameters

- Compensation Survey Results
- Salary Setting Methodology
- New Salary Pay Range Recommendation

A full analysis of these study elements can be found in the attached Plan. A few key takeaways learned and then analyzed by the Ad hoc committee and General Manager from the study are as follows:

- Per FLSA our employees are classified correctly (exempt, non-exempt, etc.).
- Job descriptions are now current and up to date.
- The District is tracking approximately 14% below the labor market on Total Compensation (page 34 of Study).
- District Benefits are similar to the other agencies surveyed (see appendix C).
- Overall the District needs to adjust various employees' salaries to be competitive with current market conditions.
- The Ad Hoc Committee and General Manager are in agreement on the new proposed Salary Ranges and elimination of the Step and Grade System. (Appendix E)

As part of this analysis and recommendation, the Ad Hoc Committee and General Manager propose to eliminate the Step and Grade system found in the previous Salary and Wages Pay Matrix. The new Pay Range Schedule will include a Base Pay, a Market or Control Point, and Max Pay for each District position (see appendix E). This moves the District away from an old and dated compensation practices and allows District Management Staff more flexibility when considering pay and merit pay adjustments.

The Ad Hoc Committee did spend some time considering why and how the District fell 14% behind market pay between 2011 when the last compensation Study was completed and 2016. Some positions fell as far as 30% below the labor market. Bryce Consulting indicated that this can happen in areas where you have rapidly rising housing costs coupled with high cost of living expenses. Resort communities are particularly susceptible to these factors. It is staff and the Ad Hoc Committee's conclusion that the rapid rise in housing costs experienced locally likely contributed to the District's salary and wages falling behind market conditions.

WHAT'S NEXT: If the Board approves the 11% Salary, Wages, and benefit adjustment, the General Manager in consultation with the Ad Hoc Committee will make appropriate market pay adjustments for employees on a case by case basis using the market pay recommendations from the Plan.

FISCAL IMPACT: Implementation of the Ad Hoc Committee Recommendation will result in an annualized 10.1% (\$170,823 for FY2017) increase to staff Salary and Wages (line item 34 in Budget). In adjusting the Salary and Wages Line Item, there will also be a small adjustment to Medicare and PERS Contributions. Staff estimates the total annualized benefit cost at an additional \$17,000 or 1% for an 11.1% total. The Ad Hoc Committee and General Manger

recommend implementation of Market Pay adjustments January 1, 2017. Approval of the recommendation will result in an increase of \$140,867 (9 months) in the FY2017 Salary Wages and Benefit Budget line items at year end. The Salary and Wages Line item was budgeted at \$1,691,318 for FY2017. In discussing this with the Director of Finance and Administration we do not anticipate the increase affecting the overall FY2017 Operating Budget for the Airport.

PUBLIC COMMUNICATIONS: The Plan has been provided to staff and made available on the District website. Once approved, the Plan will be posted as part of our CSDA Transparency Certification.

SAMPLE MOTION(S): I move to accept the Compensation and Classification Plan as recommended by the Ad Hoc Committee and Bryce Consulting and approve 11% adjustment to the Salary and Wages line item in the FY2017 budget and authorize the General Manager to use funds in consultation with the Ad Hoc Committee to adjust Staff compensation to appropriate market conditions.

ATTACHMENTS:

Classification and Compensation Plan Report by Bryce Consulting